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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
Federal Communications Commission
 Washington, D.C. 20554

In the Matter of

Federal-State Joint Board on
 Universal Service

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CC Docket No. 96-45

COMMENTS

BellSouth Corporation, on behalf of itself and its affiliated companies ("BellSouth"), hereby submits its comments on the Petition for Waiver filed by AMSC Subsidiary Corporation ("AMSC") which, if granted, would permit AMSC to calculate its universal service contribution on a different basis than all other contributors to the federal universal service fund.

Under the Commission's rules, all providers of interstate telecommunications services are required to contribute to the federal universal service fund based upon a percentage of their gross revenues as determined by the fund's administrator. AMSC requests a waiver of its contribution obligation as called for in the Commission's rules and asks that a special calculation be made for it so that it is at a level "equivalent...to the contributions of terrestrial-based wireless service providers."¹

The premise of AMSC's waiver is that it has higher costs than terrestrial wireless carriers. AMSC asserts that because its satellite-based system is costly to implement, it charges higher rates than terrestrial-based systems.² According to AMSC, this results in AMSC contributing more per minute of voice service or per kilobyte of data service than terrestrial systems.³

¹ AMSC Petition at 1.

² AMSC Petition at 5.

³ *Id.*

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The Commission should deny AMSC's request. AMSC fails to establish the special circumstances necessary for grant of a waiver or to demonstrate that a waiver would serve the public interest. Contrary to AMSC's belief, its cost structure does not constitute special or unique circumstances. Within every segment of the telecommunications industry, some providers will have higher cost structures than other providers. Indeed, if the Commission were to view cost structure as a valid basis for waiving a carrier's universal service contribution calculation, then it can well expect a continuing stream of waiver requests from carriers who believe they, like AMSC, should have a special calculation because they are high cost companies relative to others in their industry segment.⁴

Contrary to AMSC's belief, a waiver would not serve the public interest. AMSC correctly notes that the Commission intends its rules to be neutral among technologies and competitors. Granting AMSC's waiver would have a contrary effect. AMSC's waiver would promote a particular kind of technology, namely a satellite-based mobile system, to the exclusion of all competitive alternatives, both wireless and wireline.⁵ At the same time the waiver would provide AMSC with an artificial competitive advantage. It would reduce AMSC's contribution to the federal universal service fund while its competitors would continue to pay into the federal fund based on the contribution factor calculated pursuant to the Commission's rules. In addition, the contribution factor of AMSC's competitors would be higher than otherwise necessary

⁴ AMSC argues that few if any carriers could present a similar combination of high-cost service focused on rural areas, unique technology and a disproportionately burdensome universal service contribution. This very combination of factors would equally describe the circumstances in which wireline carriers provide local service in rural areas.

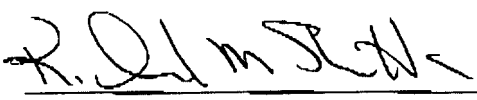
⁵ Technological neutrality means that universal service support should not be tied to the use of a particular technology. It does not mean, however, that the Commission should affect a carrier's choice of technology by changing the universal service contribution factor based on such technology.

because they and other carriers would have to make-up the shortfall due to AMSC's special treatment. Such an outcome can hardly be characterized as competitively neutral.

All that AMSC's petition demonstrates is that a waiver would serve AMSC's pecuniary interests. Such interests fall far short of the demonstration that the public is better served by a deviation from rather than the application of the general rule. Accordingly, the Commission should deny AMSC's request for a waiver.

Respectfully submitted,

BELLSOUTH CORPORATION

By: 
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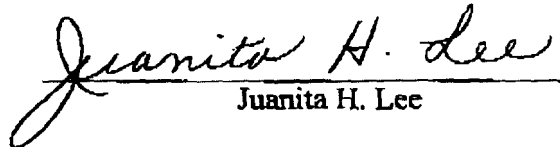
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CERTIFICATE OF SERVICE

I do hereby certify that I have this 29th day of April 1998 served the following parties to this action with a copy of the foregoing COMMENTS by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed on the attached service list.



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